



17. How has Michigan chosen to reflect the costs of renewables on customer bills, and how have other jurisdictions treated the billing of renewable energy?

Relevant law on this question may be found in Michigan Compiled Laws 460.1045.

Electric providers are required to recover incremental costs of renewable generation via a line-item per meter surcharge on the customer bill. Surcharges are required to be fixed for each customer class, subject to caps provided in law, by levelizing recovery of incremental costs of the electric provider comprehensive renewable energy plan over a period of 20 years. Non-incremental costs of renewable generation, reflecting the avoided costs of non-renewable generation, are recovered through power supply cost recovery lines on the bill along with costs of fossil fuels and wholesale power purchases.

In addition, electric providers are required to include in each bill an estimate of costs avoided by the combined renewable energy program and energy optimization program, computed as the costs of equivalent power from a new coal-fired power plant.

Notably, the Commission has concluded that the incremental costs of renewable generations are lower than anticipated, and falling far faster than anyone expected at the time PA 295 was enacted. In addition, the current estimate of avoided costs resulting from the combined renewable energy program and energy efficiency program far outweigh the additional assessed costs of the program.

No comprehensive summary of billing practices for renewables in other jurisdictions is currently available.